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SUBJECT: Monthly Activity Report for the Month of
March 1963

has for some time been in the hands of the Assistant to the Deputy Director (Support) who is arranging for its editing, printing, and distribution. [REDACTED] has assured us that the editing will not result in any further changes in the intent and meaning. We hope it will soon reach the hands of the several technical components.

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In view of the imminent publication of the Procurement Handbook we have begun implementation of one of its significant features. We have prepared a detailed letter of instructions to Contractors setting forth the varying procedures they are to follow in submitting different types of proposals; the significant change being, in general, that most proposals will be addressed to Procurement Division. Distribution has been made to most of our Contractors and will be completed in the first half of April.

e. Cost and Price Analysis Program: The effectiveness of the new program of Price Analysis has begun to be demonstrated. The Division has received an unusual number of procurements ranging well above the hundred thousand dollar mark required to justify a Cost Analysis. An outstanding example of the use of the information provided by ICAD was a recent procurement with [REDACTED] in which the use of information provided in an analysis accrued to the Government a possible savings in overhead costs of \$24,840, and an actual saving, together with a negotiated reduction in fee, of \$13,760.

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[REDACTED]
were made from the original design. Advantage of a discount in the price was obtained by this increase in quantity.

2. EXAMPLES OF PROCUREMENT ACTIONS RESULTING IN COST REDUCTION
(Continued Item):

<u>Contract No.</u>	<u>Contractor</u>	<u>Cost Reduction</u>	<u>Comments</u>
[REDACTED]	[REDACTED]	\$ 198.00	Negotiator obtained 2% overall discount based on quantity purchase.

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1. Survey of Transportation Costs: In accordance with Audit Staff's recommendations, discussions have been held with personnel of the Transportation Division to implement the requirement for closer liaison between Procurement Division and Transportation Division as regards evaluation of transportation costs. Anticipating the Procurement Division memorandum which will be published early in April, we are reviewing every requisition to determine whether single shipments will total 20,000 pounds or more. When such is the case, we will obtain quotes from the Contractor breaking out transportation costs FOB Destination. We will then coordinate with Transportation Division and obtain from them their recommendation as to the most economical means and route of transportation. Whatever savings we have, if any are indicated, will be submitted as a separate item in the monthly report.

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